

## Message Text

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ORIGIN ARA-10

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C O R R E C T E D C O P Y-CORRECTION TO LINES FOUR AND FIVE PARA ONE

E.O. 11652: GDS

TAGS: PFOR

SUBJECT: ARA WEEKLY HIGHLIGHTS

1. SUMMARY: THIS WEEK IS A SHORT ONE, AND I WILL TOUCH UPON ONLY A FEW HIGHLIGHTS. THE ECONOMIC COOPERATION CONFERENCE IN PARIS WENT WELL, AND WE ARE GEARING UP FOR FURTHER MEETINGS IN JANUARY AND FEBRUARY. VENEZUELAN PLANS FOR TAKE OVER OF THE OIL HOLDINGS ARE COMING TO A HEAD WITH THE FOREIGN COMPANIES AND THE GOV ENTERING A STAGE OF FRANTIC LAST MINUTE NEGOTIATIONS. BOLIVIA IS OPTIMISTIC THAT IT MAY BE ABLE TO WORK OUT ITS LONG SOUGHT-AFTER GOAL OF RECOVERING A CORRIDOR TO THE SEA. FURTHER PROGRESS HAS BEEN MADE ON THE DARIEN GAP HIGHWAY/AFTOSA PROBLEMS.

2. PARIS CIEC MEETING: THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION WENT RELATIVELY SMOOTHLY. THE NINETEEN DEVELOPING COUNTRIES PRESENT HAD GONE INTO THE 27-NATION  
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CONFERENCE WITH THE PREOCCUPATION THAT THE EIGHT INDUSTRI-

ALIZED NATIONS, LED BY THE U.S. WOULD SEEK TO DIVIDE THEM AGAINST THE OIL PRODUCERS BY THREATENING TO CUT BACK ECONOMIC ASSISTANCE. THE CONFRONTATION DID NOT OCCUR AND PRAGMATISM HAS THUS FAR WON OUT OVER IDEOLOGY. AS A RESULT OF THE MEETING, FOUR COMMISSIONS HAVE BEEN CREATED TO

DEAL WITH THE BASIC PROBLEMS OF ENERGY, RAW MATERIALS DEVELOPMENT AND FINANCE. THE REGION IS REPRESENTED ON THE COMMISSIONS BY VENEZUELA, MEXICO, BRAZIL, JAMAICA, ARGENTINA AND PERU. PERU WAS ELECTED CHAIRMAN OF THE RAW MATERIALS COMMISSION. THE CO-CHAIRMAN OF THE FOUR COMMISSIONS WILL MEET IN THE END OF JANUARY IN PREPARATION FOR THE RECONVENING OF THE FULL CIEC SOMETIME BEFORE FEBRUARY 11. RECOVERY FROM RECESSION, COUPLED WITH HIGHER PRICES FOR ENERGY AND LOWER PRICES FOR RAW MATERIALS HAS EASED THE PRESSURE ON THE INDUSTRIALIZED NATIONS FOR CONCESSIONS AND THE LDC(S) ARE AWARE OF THIS. NEVERTHELESS, THE CIEC PROBABLY PRESENTS THE BEST OPPORTUNITY FOR THE DEVELOPING NATIONS TO NEGOTIATE BETWEEN THE INDUSTRIALIZED NATIONS AND THE OIL PRODUCERS.

3. VENEZUELAN NATIONALIZATION: THE DATE SET FOR THE TAKE OVER OF THE FOREIGN OIL HOLDINGS IS JANUARY 1. THE VENEZUELAN GOVERNMENT AND THE COMPANIES ARE CURRENTLY ENGAGED IN DIFFICULT NEGOTIATIONS WITH RESPECT TO MARKETING (OFFTAKE) AGREEMENTS. THE GOV HAS SET THE PRICE WHICH IT WILL DEMAND FOR ITS OIL AS OF JANUARY 1 AT A LEVEL WHICH THE COMPANIES CLAIM IS EXCESSIVE. AS A RESULT THE COMPANIES ARE COMING BACK WITH LOW OFFERS FOR THE VOLUME OF OIL WHICH THEY WILL TAKE. A COMPROMISE WILL HAVE TO BE REACHED SOON IF LOADING AND INVOICING IS TO BE ACCOMPLISHED ON SCHEDULE AT THE BEGINNING OF THE NEW YEAR.

4. BOLIVIAN ACCESS TO THE SEA: I MET WITH THE BOLIVIAN AMBASSADOR ON MONDAY. HE REPORTED THAT AN ENCOURAGING FIRST STEP HAS BEEN TAKEN IN BOLIVIA'S QUEST FOR AN OUTLET TO THE SEA. THE GOB HAS REACHED AN AGREEMENT IN PRINCIPLE ON THE CHILEAN GOVERNMENT'S OFFER TO CEDE TO BOLIVIA A CORRIDOR TO THE PACIFIC ALONG THE PERU-CHILE  
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BORDER IN EXCHANGE FOR AN EQUAL AMOUNT OF BOLIVIAN TERRITORY. ANY CESSION OF TERRITORY IN THIS AREA MUST HAVE PERUVIAN GOVERNMENT APPROVAL IN ACCORDANCE WITH THE TREATY THAT SETTLED THE WAR OF THE PACIFIC. THE AMBASSADOR SOUGHT OUR HELP IN INFLUENCING THE PERUVIANS TO SUPPORT THE BOLIVIAN CAUSE. WE HAVE NO CURRENT PLANS, HOWEVER, TO GET INTO THE MIDDLE ON THIS ONE. THE BOLIVIANS ARE ALSO ASKING FOR U.S. SUPPORT AND SYMPATHY

DURING THE NEGOTIATIONS WITH CHILE ON THIS AGREEMENT. THEY WOULD, FURTHERMORE, APPRECIATE U.S. ASSISTANCE IN FINANCING INFRASTRUCTURE FOR THE CONSTRUCTION AND INVESTMENT PHASE WHICH WILL OCCUR ONCE THE SEA CORRIDOR IS OPENED.

5. DARIEN GAP HIGHWAY: ON DECEMBER 23 THE DISTRICT COURT FOR THE DISTRICT OF COLUMBIA LIFTED THE INJUNCTION WHICH HAD FROZEN FUNDS FOR THE CONTINUATION OF CONSTRUCTION OF THE DARIEN GAP HIGHWAY IN PANAMA. THE COURT REFUSED, HOWEVER, TO ALLOW U.S. PARTICIPATION IN THE DESIGN AND RESEARCH PROJECTS CURRENTLY UNDER WAY IN COLUMBIA PENDING COMPLETION BY THE DEPARTMENT OF TRANSPORTATION OF AN ENVIRONMENTAL IMPACT STATEMENT. THE COURT DECISION MEANS THAT WE WILL NOW BE GOING AHEAD WITH CONSTRUCTION IN PANAMA UP TO A POINT SEVERAL MILES NORTH OF THE BORDER WITH COLOMBIA. KISSINGER

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